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**National Association of State Utility Consumer Advocates**

1133 15th Street, N.W., Suite 575, Washington, D.C. 20005  
(202) 727-3908 Fax (202) 727-3911

August 1, 1994

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Hon. William F. Caton  
Secretary  
Federal Communications Commission  
Room 222  
1919 M Street, N.W.  
Washington, D.C. 20554

Re: CC Docket No. 92-77, Billed Party Preference  
Further Notice of Proposed Rulemaking

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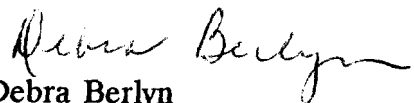
PATRICIA A. STOWELL  
*Delaware*

WALTER WASHINGTON  
*Texas*

Dear Mr. Caton:

Enclosed is an original and five copies of the  
Comments of the National Association of State Utility Consumer  
Advocates (NASUCA) in the above-referenced docket.

Sincerely,

  
Debra Berlyn  
Executive Director

**EXECUTIVE DIRECTOR**

DEBRA R. BERLYN

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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of:	)	CC Docket No. 92-77
	)	
Billed Party Preference for	)	Further Notice of Proposed
0+ InterLATA Calls	)	Rulemaking

COMMENTS OF  
THE NATIONAL ASSOCIATION OF  
STATE UTILITY CONSUMER ADVOCATES

August 1, 1994

## **Comments of the National Association of State Utility Consumer Advocates**

The National Association of State Utility Consumer Advocates (NASUCA)<sup>1</sup> supports the adoption of the ubiquitous system of 0+ access to interexchange carriers known as "Billed Party Preference" (BPP). We rely on the Commission's conclusions in its Further Notice that the benefits of BPP significantly exceed the cost of implementation. Further, NASUCA asserts that this structural reform of the system of 0+ access will be superior to other systems of regulation (e.g., keeping the current system or instituting price regulation) in ensuring just and reasonable rates for consumers.

As the Commission found in its Further Notice, BPP will cause Operator Service Providers (OSPs) to focus their efforts on serving customers at competitive prices. We believe that BPP, better than any other device, will discipline the operator services marketplace, and finally deliver to consumers the promised benefits of competition in this market. At their 1994 midyear meeting, NASUCA members unanimously adopted a resolution "Urging the Adoption of a Billed Party Preference System for 0+ InterLATA Calls." A copy of the NASUCA resolution is included with these comments as Attachment A.

### **The Consumer Interest in Billed Party Preference**

NASUCA members, like the members of this Commission, are acutely aware of the continuing complaints from consumers about the pricing and policies of some operator services companies. It is not necessary here to recapitulate the disturbing history of the development of "competition" in the operator services industry. Excessive prices unwillingly paid to operator service companies have totaled hundreds of millions of dollars since the Commission first began its examination of operator services and BPP.

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<sup>1</sup>NASUCA is an association of 41 consumer advocate offices in 37 states and the District of Columbia whose members are designated by state law to represent the interests of utility consumers before state and federal regulatory agencies and the courts.

But excessive prices paid by consumers are only part of the cost of the current system. The time and effort required to decode dialing instructions, fight through blocking attempts, negotiate with hotel switchboards, dial and redial lengthy digit sequences, track down carriers through corporate pyramids, dispute billings, and file complaints with regulators must also be considered when assessing the aggregate economic and societal cost of not implementing BPP. The Commercial Travelers Association estimates, for example, that the business traveler can spend up to six hours per year attempting to reach a preferred carrier.<sup>2</sup> These six hours are not spent communicating, producing, or using the network. Instead they are spent trying to overcome impediments to using the network.

Consumers deserve better. The Commission should align 0+ access with customer expectations by adopting Billed Party Preference. Long distance calling away from home should not be a game of chance or a test of one's ingenuity, persistence, or guile.

In assessing the costs and benefits of BPP, the Commission should also consider the economic deadweight loss associated with corrective advertising, notices, signage, tent cards and bill corrections which occasion the current system of presubscription of payphones and other "convenience" telecommunications services. We think that such wasted efforts of carriers, consumers and regulators would be better spent elsewhere on productive activities.

### **Billed Party Preference and Other Approaches**

BPP has one obvious advantage over other approaches: its natural appeal to consumers. Nothing could be more obvious and straightforward for consumers than this: "If I use my TelTell card, my call will be carried by TelTell and charged to me at TelTell rates on my TelTell bill." This is exactly what consumers expect of the network. In fact, high-cost AOS companies gained a foothold in the market precisely because consumers clung to this obvious (but naive and wrong) expectation of the network. Consumers continue to be

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<sup>2</sup>See the report in the *Rocky Mountain News* article included as Attachment B.

plagued by high charges from "companies I've never heard of."

If BPP is implemented, we expect carriers to migrate their calling cards and marketing programs to discontinue "dial around" methods in favor of the straightforward access provided by BPP, even if dial around is permitted after BPP is instituted.

Some commenters will argue that we need only wait out the current system--that eventually abusive practices will be eliminated as dial around methods become more prevalent. We disagree, for several reasons:

First, this is not a new problem and previous half-measures to offset the vulnerability of the traveling public have not worked;

Second, even if this "wait and see" view is correct (which we doubt), consumers will lose out during an indefinite interim period;

Third, even if the current system eventually works (which we doubt), the other substantial benefits of BPP will be denied to consumers;

Fourth, there are strong reasons to suspect that the current system will never bring full competition and eliminate abuses.

We elaborate on this final point. The current 0+ access system relies on carrier presubscription and consumers "dialing around" to exercise their choice. But the effectiveness of this scheme relies on two major assumptions: i) phones are unblocked and ii) consumers understand the rules and know the dial around numbers.

Regrettably, these assumptions are often not met. For example, despite the efforts of this commission and state regulators to ensure that access to chosen carriers is not blocked, NASUCA believes that blocking, while illegal, is still rampant. Once again, we share this belief with the Commercial Travelers Association.<sup>3</sup>

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<sup>3</sup>Ibid.

Consider two recent studies in Texas and Indiana of non-LEC payphones. A study conducted by the staff of the Texas Public Utility Commission showed that 39% of surveyed payphones blocked access to one or more of the largest interexchange carriers. A significant percentage of phones failed to provide FCC and state-required information on the phone. A study conducted by the Indiana Office of Utility Consumer Counselor showed that 89% of surveyed phones exhibited some type of blocking of "dial around" methods. This blocking exists in violation of both FCC<sup>4</sup> and Indiana Utility Regulatory Commission<sup>5</sup> orders. Summaries of the findings in these studies are in Attachment C.

An alarming recent development in New York illustrates another problem with reliance on the current system of presubscription. NYNEX has experienced a massive volume of "slamming" of its own payphones by an OSP transmitting unauthorized requests for changes in PIC (Primary Interexchange Carrier) assignments at NYNEX payphones. There have been enormous numbers of payphones with changed PICs, some changed multiple times per month. One result is that, by NYNEX's own admission, many of the company's payphones are now mislabeled as to the presubscribed carrier. Customers using these payphones cannot determine who the presubscribed carrier is. Attachment D contains copies of letters from the New York Consumer Protection Board and NYNEX to the Commission outlining the situation. The practice here points out the susceptibility of the current system to the very processes that underlie that system.

Some commenters will endorse price regulation to remedy the problem of excessive OSP charges. While price regulation may work in theory, we are concerned with the practice.

States with experience in attempting to regulate prices of OSPs recognize two major problems with this approach. The first is enforcement. The sheer number of small OSPs

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<sup>4</sup>Policy and Rules Concerning Operator Service Access and Pay Telephone Compensation. CC Docket No. 91-35

<sup>5</sup>see 88 PUR 4th 263, 126 PUR 4th 514.

in some jurisdictions presents a potentially insurmountable obstacle to meaningful price regulation. The ease with which some OSPs have evaded the existing rules on notice, blocking and pricing does not inspire confidence in regulators' ability to enforce additional regulations. Further, regulators rarely have success getting additional funding for new regulatory assignments. As a result, many small OSPs fly just below regulatory radar.

The second problem with price regulation is the difficult decision of determining what price ceiling is appropriate. If regulators adopt the AT&T/MCI/Sprint average rate (assuming this rate is competitive), they will face claims that small OSPs cannot cover their costs. This debate leads to interminable proceedings, challenges, appeals and legislation. While the market-based solution is obvious--carriers with high costs don't survive--our experience is that few regulators are willing to make that hard choice. If, in the alternative, regulators allow OSPs to charge prices in a range above this benchmark, then consumers continue to pay more than competitive prices. Regulators will have essentially admitted defeat in attempts to obtain competitive results in this market. Because of these and other difficulties, we think price regulation of OSPs is inadequate and inferior to BPP.<sup>6</sup>

Finally, we expect the Commission will hear about the need to protect incipient competitors in the OSP market. For competition to take hold in this market, (the argument goes) small OSPs must be allowed to "compete" by paying higher commissions and exacting (temporarily) high prices. On this subject we feel as we did in 1990 when we commented on the Commission's operator services rules:

...[C]onsumers will learn after they have been burned, and as caller intelligence grows they will increasingly use their 1+ carriers. Independent

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<sup>6</sup>If the Commission, nonetheless, prefers price regulation to a realigned marketplace, we urge the FCC to be realistic about the resources required to enforce price regulation. If price regulation is adopted instead of a structural solution like Billed Party Preference, regulation of OSPs must be qualitatively different than it is today. Unless regulators are prepared to actively supervise the behavior of OSPs, we predict another failure in attempts to curtail excessive charges and limit customer confusion.

OSPs will gradually atrophy, until the only survivors will be those who can bundle operator services with carriage at the retail level and those who are truly efficient in selling operator services at the wholesale level. This is the way it should be; it is the outcome of a fully competitive market and fully-informed consumers making free choices. It will be unfortunate if the Commission adopts a set of rules which would reach this end by forcing the public to get burned and by depreciating the public's confidence in the telecommunications industry.<sup>7</sup>

## Conclusion

BPP will enhance competition by changing the incentives in the operator services and the payphone markets. The consumer, not the premises' owner, will select the OSP based on price and quality of service. OSPs will have new incentives to provide high quality services at competitive prices. Payphone providers will compete to provide phones at aggregator locations based on the quality of their services rather than the amount of their commissions. Consumer choice and competition will be promoted.

NASUCA strongly supports the Commission's continued progress toward adopting BPP.<sup>8</sup> If the Commission's benefit/cost analysis of BPP is sustained following the current round of comments, we urge the Commission to adopt BPP expeditiously.

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<sup>7</sup>FCC Docket 90-313. Comments of the Colorado Office of Consumer Counsel and the National Association of State Utility Consumer Advocates, page 14.

<sup>8</sup>The NASUCA resolution calls for the deployment of Billed Party Preference in all locations, including paystations, motels, hotels, airports and prisons. In this matter, NASUCA supports the comments in this docket of its affiliate member the Public Utility Law Project of New York (PULP), filed July 15, 1994, which urge the Commission to extend BPP to calls made by inmates from correctional institutions.

Dated this 1st day of August 1994.

Respectfully submitted,

NATIONAL ASSOCIATION OF STATE  
UTILITY CONSUMER ADVOCATES

By: Ronald Binz

Ronald J. Binz  
Director of Colorado Office  
of Consumer Counsel

on behalf of:

NASUCA

1133 15th Street, NW, Suite 575  
Washington, DC 20005  
(202) 727-3908

# **Attachment A**

1994-01

## **NATIONAL ASSOCIATION OF STATE UTILITY CONSUMER ADVOCATES**

### **R E S O L U T I O N**

#### **Urging the Adoption of a Billed Party Preference System for 0+ InterLATA Calls**

- WHEREAS,** currently "0+" calls, including calling card, collect and third-party billing calls, from payphones, hotels, motels, airports, prisons and other aggregator locations are sent to the operator services provider (OSP) to which the premises owner or payphone provider presubscribes;
- WHEREAS,** OSPs generally compete for premises owners and payphone providers by offering commissions on 0+ calls made from the phones presubscribed to them, rather than competing for end users on the basis of price and quality of the service offered to the consumer;
- WHEREAS,** customers are currently able to select an OSP of their choice when using a payphone or telephone at an aggregator location only by dialing 10XXX or other access codes prior to dialing zero plus the number being called;
- WHEREAS,** the use of 10XXX and other access codes may be intentionally or unintentionally restricted at certain payphones and aggregator locations and such dialing can be confusing to customers;
- WHEREAS,** consumer advocates, state commissions and federal regulators have received many complaints over the level of charges from resulting from unintended or inadvertent selection of an OSP at a payphone, hotel, motel, airport or other aggregator location;
- WHEREAS,** consumer advocates, state commissions and federal regulators have received complaints from billed parties over the level of charges from OSPs from collect calls originating from prisons and jails;

WHEREAS, Billed Party Preference allows the billed party to use the carrier of his or her choice by having calling cards presubscribed, and having collect and third party calls routed via the party's chosen carrier;

WHEREAS, Billed Party Preference would require OSPs to shift their competitive focus from the aggregators, such as premises owners or payphone providers, to the end users who actually pay for the service;

WHEREAS, the Federal Communications Commission estimated, in a November 1992 report pursuant to the Telephone Operator Consumer Services Information Act, that Billed Party Preference would likely enable consumers to save \$280 million per year by avoiding OSPs with rates higher than the AT&T/MCI/Sprint average;

WHEREAS, Billed Party Preference should result in increased customer satisfaction over prices charged and quality of service provided and would eliminate customer confusion;

THEREFORE, BE IT RESOLVED that the National Association of State Utility Consumer Advocates urges the adoption of a ubiquitous system of Billed Party Preference for all 0+ calling from all paystations, motels, hotels, airports, prisons and other aggregator locations nationwide, and from all private business and residence phones;

AND, BE IT FURTHER RESOLVED, that NASUCA shall file a copy of this resolution with the Federal Communications Commission in its docket examining Billed Party Preference;

AND, BE IT FURTHER RESOLVED that NASUCA authorizes its Executive Committee to develop specific positions and to take appropriate actions consistent with the terms of this resolution. The Executive Committee shall advise the membership of any proposed action prior to taking such action if possible. In any event, the Executive Committee shall notify the membership of any action taken pursuant to this resolution.

Approved by NASUCA

Santa Fe, New Mexico  
Place

June 21, 1994  
Date

Submitted by:  
NASUCA Telecommunications  
Committee

Ron Binz (CO), Chair  
Suzanne Antley (AR)  
Charlie Beck (FL)  
David Bergmann (OH)  
David Conn (IA)  
Regina Costa (CA)  
Terry Czarski (MD)  
Elliott Elam (SC)  
Mike Griffin (NV)  
Wayne Jortner (ME)  
Philip McClelland (PA)  
Michael McRae (DC)  
Robert Piller (NY)  
Tim Seat (IN)  
Philip Shapiro (NY)  
Deborah Waldbaum (CO)  
Walter Washington (TX)

Tues., July 12, 1994 Rocky Mountain News

## AWAY ON BUSINESS

# Phone blocking illegal but still rampant

Reuter

**CHICAGO** — It's illegal. It's not supposed to happen, but it does.

You drive up to a pay phone, grab a credit card to make a quick long distance call to the office but get nowhere. Even the 800 number some long distance companies now have to confront just such a situation may not work.

The only choice is to use the local carrier, at a cost that may be two or three times greater.

The situation — called blocking — "is most commonly encountered at a convenience store, a gas station or somewhere the pay phone is placed outdoors," according to Jim Haynes, president of the Atlanta-based Commercial Travelers Association.

"Unfortunately it's not going away," he said, despite a 1993 ruling by the Federal Communications Commission that made the practice illegal.

"There are clusters of problems, and it depends on who the owners of phones are," he said.

But some carriers that operate locally or regionally approach convenience stores, gas stations and similar locations, offering to install

a pay phone. The phone is blocked by software so certain carriers cannot be used.

In return, the store operator on whose premises the phone is located gets a share of the profits from the exorbitant long-distance rates that result, Haynes said.

"There are ways phones can be selectively blocked — you can block AT&T for example and no one else. It's possible to block 800 numbers," he added.

Haynes said the FCC ruling gave the lodging industry until 1997 to eliminate all blocking, and required that pay phones in lobbies or elsewhere on the premises of hotels and motels be unblocked immediately.

About 30 million people in the United States regularly use telephone credit cards, many of them business travelers.

"We estimate that a full-time business traveler can spend up to six working hours a year trying to bypass illegal blocking," Haynes said.

One reason the problem has not gone away is that enforcement of the FCC ruling is in the hands of state public service commissions, which sometimes lack the re-

sources to try to carry it out.

A spokesman for AT&T confirmed that there have been some complaints lodged with the FCC about 800 numbers being blocked. That carrier introduced an 800 number — 1-800-CALL-ATT — last year in part to get around blocking that has afflicted its other bypass number — 10-288-0.

The spokesman also said it had received complaints from customers who gave their AT&T credit card number to an operator they thought was working for AT&T. When the customer later got a bill it was "considerably" higher than normal, he said.

Sprint and other carriers also have introduced 800 numbers to try to address the problem.

The Commercial Travelers Association has been collecting reports of blocked phones and submitting them to the American Public Communications Council in Washington. For more information on the association and its project, call (800) 392-2856.

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*Got a question, complaint or pet peeve? Send it to Away on Business, in care of Reuters, Room 1170, 311 S. Wacker Drive, Chicago 60606.*

# Public Utility Commission of Texas

Attachment C

## Memorandum

August 24, 1993

TO: Chairman Gee  
Commissioner Greytok  
Commissioner Rábago  
Brenda Jenkins

FROM: Rowland Curry *RC*  
Vicki Oswalt *VO*  
Paul Vigushin

SUBJECT: Privately-Owned Pay Telephone Study

Our staff has completed a study of privately-owned pay telephones in Austin that shows the level of compliance with Substantive Rules 23.54 and 23.55. The study was conducted in July with the assistance of over twenty-five volunteers from throughout the agency. The results show that a large number of these pay telephones and their operator service providers fail to meet blocking and posting requirements. We have advised Southwestern Bell of the locations that fail to meet the standards, and we have asked Bell to investigate and disconnect those instruments where appropriate. We will also be contacting the operator service providers that have been found to be in violation of Substantive Rule 23.55 as a result of this survey.

We have attached a draft press release that describes our survey and general findings.

Through a copy of this memo, I would like to thank all of the divisions for their support in allowing their staff members to assist with this survey.

If you have questions or comments, please let us know.

cc: Guillermo Garcia  
Division Directors

## PRIVATE PAY TELEPHONE SURVEY

The staff of the Public Utility Commission of Texas conducted a survey of private pay telephones in the Austin area July 5th-9th. The compliance check consisted of a survey addressing posting and blocking requirements. This paper presents the results of the survey.

### Generating the Survey Sample

Initially, a universe of all 1705 private pay telephones in the Austin area was established, through a list requested of Southwestern Bell. After an initial review, 460 payphones were eliminated due to erroneous addresses, non-working numbers, or duplications. The remaining 1245 payphones were used to generate a high-probability random sample, using a 95% confidence interval and a 5% margin of error. These two variables were chosen arbitrarily, but were influenced by time constraints as well as resource availability. A higher confidence interval and a lower margin of error would have generated a higher random sample, and would have required more time and resources to check. Having determined the margin of error and confidence interval, a statistical table of random numbers was used to derive the sample size and selection of 306 private pay telephones.

### The Questionnaire

The questionnaire, provided as an attachment to this paper, was divided into two sections, the first to evaluate compliance with certain posting requirements and the second to determine the level of blocking of access to local exchange company (LEC) operators and interexchange carriers. Survey questions were derived from the requirements set forth in Sections 23.54 and 23.55 of the PUC's Substantive Rules. Compliance with separate FCC requirements was not surveyed. Also included in the questionnaire were questions designed to help the surveyor identify the owner of the pay telephone set, as well as the operator service provider (OSP).

To comply with the posting requirements of our Substantive Rules, the pay telephone set must display a card that includes the following information: name of the OSP; instructions for registering a complaint; instructions, in English and Spanish, for accessing emergency service; a notice stating that long distance calls may be made by using a carrier of choice; and instructions for obtaining rates at no charge.

In order to evaluate each payphone for blocking of long distance carriers, each surveyor was asked to dial four different numbers, one each for Sprint (1-800-877-8000) and AT&T (10288+0), and two for MCI (950-1022 and 10222+0), to see if the call would be connected to the proper carrier. Denying access to interexchange carriers by blocking "950-XXXX" and "1-800" numbers is forbidden. Limiting access to interexchange carriers by blocking "10XXX+0" is allowed only if the end office serving the originating line does not have originating line screening capability. In Austin, however, all of Southwestern Bell's wire centers have originating line screening capability, thereby making the blocking of "10XXX+0" a violation of PUC Substantive Rules.

## Conducting the Survey

Of the original sample size of 306 payphones, only 231, or 75.5%, were actually surveyed. The majority of the instruments not surveyed were never located, even though their addresses and phone numbers were provided by Southwestern Bell as part of the original universe. Of the non-surveyed payphones, nineteen had been recently removed from the premises, four were out for repair, eight had changed hands from private ownership to Southwestern Bell, twenty-one could not be located by the surveyors because of non-posted numbers, eleven were located outside of the Austin Metropolitan survey area, five were fax machines (instead of payphones), one was vandalized beyond use, and six were listed under a wrong address. All payphones found to be in non-compliance with any portion of PUC Substantive Rule 23.54 were reported to Southwestern Bell, to begin disconnect proceedings.

## Violations Encountered

### Blocking

The most common violation seen during this survey was blocking. Of the 231 payphones located and tested, only 139 (60.2% of the total) allowed the user to access the long distance carrier of choice, without blocking. This denial of access represents not only a violation of the PUC's Substantive Rules, but also a violation of FCC Orders that prohibit blocking. Additional findings related to blocking were as follows:

- 22.9% of the private pay telephones surveyed completely blocked 10XXX access.
- 39.4% of the pay telephones surveyed blocked access to the 10222+0 MCI access code
- 23.4% of the pay telephones blocked access to the 10288+0 AT&T access code.
- 1.3% of the pay telephones surveyed blocked access to the 950-1022 MCI access code.
- Two instruments (0.86%) blocked access to the 1-800-877-8000 Sprint access code.
- Two of the pay telephones surveyed (0.86%) completely blocked access to any of the three major carriers.
- Indications of blocked pay telephones were varied, and included a busy signal, the inability to dial past the first two digits, and the necessity to deposit money in order to dial the long distance access number.
- The staff encountered a disturbing situation, though not technically a blockage, in about a dozen of the surveyed pay telephones. When the user dialed a long distance access code, a mechanized voice came on line, telling the caller to hang up, deposit a coin and use the presubscribed long distance carrier for a 50% savings on long distance calls. If the caller remained on the line, ultimately a connection with the long distance carrier, as originally dialed, was made.

### Accessing the Local Operator

PUC Substantive Rule 23.55 states that a non-LEC OSP shall provide access to the local exchange carrier operator serving the exchange from which the call is made, by either directly routing all "0-" calls to the local exchange carrier operator, without charge to the caller, or by transferring or redirecting the call to the LEC OSP upon request. A total of 32.9% of the OSPs accessed by the payphones in the survey failed, in one form or another, to carry out the request.

Examples of these failures included common elements, such as being told to dial 611, 10-288, 1-411, 411, or 0-0 to access the local exchange operator, none of which methods provided access to the local operator. Some of the OSPs told the caller outright that they could not make the transfer to a LEC operator. Some payphones even required the deposit of a quarter to complete the call.

### Posting Violations

As far as the information provided on the card is concerned, the following irregularities were noted:

- 24.7% of the private pay telephones surveyed did not have any language notifying the caller that rates may be checked at no charge.
- 22.9% failed to post instructions for accessing the local exchange operator, and 21.6% of the pay telephones failed to post instructions for using the long distance carrier of choice.
- 16% of the pay telephones surveyed failed to provide instructions in English and Spanish for accessing emergency service.
- 17.3% of the private pay telephones did not provide information on how to register a complaint.

### Corrective Action

- All payphones found to be in non-compliance with any portion of PUC Substantive Rule 23.54 were reported to Southwestern Bell, to begin disconnect proceedings.
- To the extent possible, payphones found to be in non-compliance with any portion of PUC Substantive Rule 23.55 will be reported to the appropriate OSP for the purpose of rectifying those violations.

### Other Recommendations

Having successfully completed the survey, we recommend that the results gathered be put to the following uses. First, a rulemaking proceeding should be considered to address the problem of mechanized advertising when a caller dials an interexchange carrier. Second, the PUC staff should continue to work with private payphone industry representatives to help them develop internal compliance procedures.

## **SURVEY RESULTS**

<b>Total Payphones in Universe</b>	<b>1245</b>	
<b>Total Payphones in Sample Size</b>	<b>306</b>	
<b>Total Payphones Not Located or Out of Order</b>	<b>75</b>	
<b>Total Payphones Located and Surveyed</b>	<b>231</b>	
<b>Total Payphones Blocked for MCI (950-XXXX)</b>	<b>3</b>	<b>1.3%</b>
<b>Total Payphones Blocked for MCI (10-XXX)</b>	<b>91</b>	<b>39.4%</b>
<b>Total Payphones Blocked for AT&amp;T (10-XXX)</b>	<b>54</b>	<b>23.4%</b>
<b>Total Payphones Blocked for Sprint (1-800)</b>	<b>2</b>	<b>0.86%</b>
<b>Total Payphones Completely Blocked for 10-XXX</b>	<b>53</b>	<b>22.9%</b>
<b>Total Payphones Completely Unblocked</b>	<b>139</b>	<b>60.2%</b>
<b>Total Payphones Completely Blocked</b>	<b>2</b>	<b>0.86%</b>
<b>Total Payphones Unable to access LEC Operator</b>	<b>76</b>	<b>32.9%</b>
<b>Total Payphones Without 911-Instructions</b>	<b>37</b>	<b>16.0%</b>
<b>Total Payphones Without LEC-Operator Instructions</b>	<b>53</b>	<b>22.9%</b>
<b>Total Payphones Without Complaint Instructions</b>	<b>40</b>	<b>17.3%</b>
<b>Total Payphones Without Long Distance Information</b>	<b>50</b>	<b>21.6%</b>
<b>Total Payphones Without Rates Notice</b>	<b>57</b>	<b>24.7%</b>
<b>Payphones in Total Compliance</b>	<b>82</b>	<b>35.5%</b>
<b>Payphones in Total Non-Compliance</b>	<b>0</b>	<b>0%</b>

## PAY PHONE SURVEY

The Public Utility Commission is conducting a survey of telephones used by the public to measure the level of compliance with the Commission rules regulating operator service providers (OSPs), and private pay phone providers. OSPs are the companies that provide the public with long distance service, in particular calls that require operator assistance or calls that are alternately billed (billed to third party, collect, credit card). Private pay phone providers are parties other than local exchange carriers who own or operate pay telephones.

- 1) Address of facility: \_\_\_\_\_
- 2) Pay phone number: \_\_\_\_\_
- 3) Is the following information attached:
  - a) Name of OSP Provider: \_\_\_\_\_
  - b) Instructions for accessing the OSP: \_\_\_\_\_
  - c) Instructions for accessing the LEC operator: \_\_\_\_\_
  - d) Instructions for registering a complaint: \_\_\_\_\_
  - e) Instructions in English and Spanish for accessing emergency service: \_\_\_\_\_
  - f) A notice that states, "You may use another long distance carrier." \_\_\_\_\_
  - g) Instructions for obtaining rates at no charge: \_\_\_\_\_
- 4) What is the name of the OSP: \_\_\_\_\_
- 5) What is the address of the OSP (if available): \_\_\_\_\_  
\_\_\_\_\_
- 6) What is the toll-free telephone number of the OSP: \_\_\_\_\_
- 7) What is the name and address of private pay phone owner: \_\_\_\_\_  
\_\_\_\_\_
- 8) What is the telephone number of the private pay phone owner: \_\_\_\_\_
- 9) Is there a notice identifying the set as a private pay telephone: \_\_\_\_\_
- 10) What is the name of the owner or agent responsible for refunds and repairs: \_\_\_\_\_  
\_\_\_\_\_
- 11) What is the telephone number of the above owner or agent: \_\_\_\_\_
- 12) If the OSP is not the LEC operator, dial "0" and request access to the LEC operator.  
Were you transferred to the LEC operator? \_\_\_\_\_

### Blocking:

- 13) Dial 1-800-877-8000. Was Sprint identified in any way? \_\_\_\_\_
- 14) Dial 950-1022. Was MCI identified in any way? \_\_\_\_\_
- 15) Dial 10222+0. Was MCI identified in any way? \_\_\_\_\_
- 16) Dial 10288+0. Was AT&T identified in any way? \_\_\_\_\_

QUESTIONS: 3 - SUBST. R. 23.55 & SUBST. R. 23.54 FOR AUTOMATED PAY PHONES

QUESTIONS: 13-15 - SUBST. R. 23.54 & 23.55

QUESTIONS: 4 & 6 - SUBST. R. 23.55 & SUBST. R. 23.54 FOR AUTOMATED PAY PHONES

QUESTIONS: 7-12 - SUBST. R. 23.54



## **Public Utility Commission of Texas**

7800 Shoal Creek Boulevard  
Austin, Texas 78757 • 512/458-0100

Marta Greytok  
Commissioner

Robert W. Gee  
Chairman

Karl R. Rábago  
Commissioner

For Immediate Release:  
August 24, 1993

Contact: Guillermo X. Garcia: 512/458-0226  
Anne Roussos: 512/458-0257

### **PRIVATE PAY TELEPHONES NOT COMPLYING WITH PUC RULES**

Nearly four of every ten privately-owned pay telephones tested in a recent survey violated state rules by failing to allow the user to access the long-distance company of their choice, a Public Utility Commission staff survey has found. Further, many of the telephones surveyed did not have adequate instructions posted for customers' use, nor did they allow access to a local operator when requested.

Some 231 of the 1,300 privately-owned pay telephones -- those not owned or operated by local telephone companies -- in metropolitan Austin were surveyed. The random survey, conducted in July, was intended to determine whether the privately-owned pay telephones were in compliance with PUC rules. Both PUC and Federal Communications Commission rules are designed to protect users of public telephones. Privately-owned pay telephones have been the source of numerous customer complaints at the PUC.

All pay telephones are required to post signs indicating which long-distance company carries that telephone's operator service calls. If the customer wants to use another long-distance company, the customer must dial an access code, such as "10XXX", "950-10XXX", or an 800 number.

Both state and federal regulations require that pay telephones allow for selection of long distance operator service of an individual's choice. Blocking -- that is, preventing an individual from accessing the desired long-distance carrier of his/her choice -- is not permitted. In the PUC survey, only 139, or 60.2%, of the private pay telephones allowed the user to reach the long distance carrier of choice.

Pay telephones are also required to have an instruction card to assist the customer in reaching emergency services, and numbers to call for rate information and to register complaints. About one privately-owned pay telephone in every four tested did not have adequate instructions posted.

In addition, a customer using a pay telephone must be able to access a local telephone company operator. This ensures that if other dialing routes are blocked, the caller can at least reach the local operator. Almost one-third of the pay telephones surveyed did not allow the caller to do that.

-more-

The geographically-dispersed sample of 231 pay telephones were owned by thirty-four private vendors, ranging from companies that own one pay telephone to large multi-state companies that own thousands of them. Austin was selected because of resource limitations.

The rules and regulations that apply to private pay telephones and operator services are multi-layered; the PUC staff is contacting the appropriate telecommunications carriers to insure that corrective action is taken.

###

**INDIANA PAY TELEPHONE ASSOCIATION  
CAUSE NO. 39475  
PREPARED TESTIMONY OF RICHARD E. WADDELL**

1       **Q:   WHAT IS YOUR NAME AND BUSINESS ADDRESS?**

2       **A:**   My name is Richard E. Waddell.  My business address is  
3           Indiana Government Center North, 100 N. Senate Avenue,  
4           Room N501, Indianapolis, Indiana 46204-2208.

5       **Q:   BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

6       **A:**   I am employed as a Principal Engineer for the technical  
7           staff of the Office of Utility Consumer Counselor (OUCC).

8       **Q:   WOULD YOU SUMMARIZE YOUR ENGINEERING BACKGROUND AND**  
9       **EXPERIENCE?**

10      **A:**   I have in excess of 33 years of experience with AT&T Bell  
11          Laboratories.  During the first seven years of my  
12          employment, I worked as an electrical design engineer in  
13          the development of coin telephones, various telephone  
14          circuits, and alarm reporting telephones.  Subsequently,  
15          I was promoted to technical supervisor with  
16          responsibilities for development and current engineering  
17          in regard to many telephone products.  Design groups I  
18          was associated with produced manufacturing information  
19          for many residential and business telephone products.

20          I have a bachelor of science degree in electrical  
21          engineering from the University of Oklahoma and a masters  
22          degree in electrical engineering from New York

1 University. My education has been enhanced through  
2 additional post baccalaureate course work at Purdue  
3 University and through my participation in numerous  
4 training courses sponsored by Bell Laboratories. Since  
5 joining the OUCC in June of 1990, I have completed two-  
6 one week depreciation programs for utility companies,  
7 commissions, and consulting firms and a two week  
8 regulatory studies course sponsored by the National  
9 Association of Regulatory Utility Commissioners. In my  
10 work with the OUCC, I have participated in the  
11 preparation of OUCC depreciation studies and I have filed  
12 testimony with the Indiana Utility Regulatory Commission  
13 (IURC) on depreciation matters. Additionally, I have  
14 served as chairman of a working group established by the  
15 IURC. This group was comprised of Customer Owned Pay  
16 Telephone (COPT) industry representatives and other  
17 interested parties. Its purpose was to investigate and  
18 report to the Commission on ways to improve COPT service.  
19 I am a registered professional engineer in the States of  
20 Oklahoma and Indiana.

21 **Q: HAVE YOU TESTIFIED PREVIOUSLY BEFORE THE IURC?**

22 **A:** Yes I have.

23 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CAUSE?**

24 **A:** The purpose of my testimony is to provide information on  
25 the blocking of access to Inter-Exchange Carriers (IXCs)

1           that is experienced at COPTs primarily owned or serviced  
2           by members of the Indiana Pay Telephone Association  
3           (IPA).

4       **Q:   WHAT INVESTIGATIONS HAVE YOU MADE IN PREPARING YOUR**  
5       **TESTIMONY IN THIS CAUSE?**

6       A:   I have read the petition and testimony of the witnesses  
7           for the Indiana Pay Telephone Association, I have  
8           submitted data requests and analyzed their results, and  
9           I have organized and participated in a test of Customer  
10          Owned Pay Telephones in the State of Indiana.

11       **Q:   PLEASE DESCRIBE THE TESTING PROGRAM THAT WAS CONDUCTED.**

12       A:   The testing program was set up to test the extent of  
13          blocking that would be experienced in trying to access  
14          AT&T, MCI, and SPRINT from COPTs.

15          A data request was submitted to the Indiana Pay Telephone  
16          Association. It requested the name, address, telephone,  
17          and number of COPTs which each IPA member owns; together  
18          with the location and telephone number of each member's  
19          COPTs. The membership list was provided and the majority  
20          of the IPA members supplied the information on the COPTs  
21          that was requested. Then the IXCs were contacted to  
22          confirm their access codes, a test data sheet was  
23          constructed, and preliminary testing was conducted. A  
24          small number of pay telephones was visited for

1 preliminary testing. The results of this exercise  
2 solidified the test data sheet which was then provided  
3 for eight testers. These testers were OUCC staff members  
4 who then visited 192 COPTs and tested each one for access  
5 to the IXC.

6 When each tester completed their testing, I reviewed  
7 their data with them and summarized the results.

8 **Q: HOW MANY MEMBERS DOES THE IPA HAVE AND HOW MANY**  
9 **TELEPHONES DO THEY PROVIDE SERVICE WITH?**

10 **A:** The data request returned by the IPA indicated that they  
11 have 22 members who own telephones and four who do not.  
12 Three of the telephone owning members did not provide any  
13 information in response to the data request. For the  
14 other 19, however, location and telephone number data was  
15 reported for each of their COPTs.

16 In some cases COPTs located in other states, together  
17 with COPTs actually owned by other parties, were among  
18 those listed. On a proportional basis, few COPTs were  
19 involved in the latter case; although for one particular  
20 IPA member, 47 of 64 units located in Indiana belonged to  
21 others. This IPA member serviced the phones in question  
22 and asserted that these 47 performed to IURC standards,  
23 just as did the 17 sets he owned. It was assumed that  
24 all COPTs on which the IPA supplied data, either serviced  
25 only or owned outright, were maintained by the IPA